

INNOVATION

A look at innovative organizations, concepts, products and people

Ezoic Brings the 'Feng Shui' of Website Formatting to Small Sites

TECH: Company Looks To Boost Advertising And User Engagement

By BRAD GRAVES

Engineers at Carlsbad-based **Ezoic** are wrestling with how to build more attractive websites that can fetch more advertising dollars. They think the solution may be in more computers and software.

Ezoic serves small website publishers by figuring out which layout of a website attracts the most viewers. It does so by testing variations of a site: One group of Web surfers sees variation A; a different set of users sees variation B; yet another group sees variation C, and so on. The software keeps score on which variation does best, tracking how long people linger on each and whether they "bounce" off the site to unrelated parts of the Internet.

The company, which recently received \$5.6 million of venture funding, plans to bring its innovative service out of the beta stage after three years of working in stealth mode. It will likely happen during first quarter 2014, said **John Cole**, Ezoic's chief customer officer.

Ezoic's software repositions a site's content, which stays the same. For example, one group might see a menu at the top of the screen while another might see it down the left side. The testing process might determine that a display



Image Courtesy of Ezoic

Ezoic's service — intended to help website publishers optimize their layouts — has been in beta testing and is expected to launch in early 2014.

ad will attract more eyeballs if it shifts from the left to the right of the main text.

Sites that are more successful can collect more from their advertising.

Targeting Small Publishers, Big Market

Ezoic takes a cut of a website's ad revenue, asking for 20 percent after a 14-day introductory period. Because the company claims its service can double or triple a site's traffic by scientifically finding the best layout, Cole reasons that it's "essentially free."

Ezoic's target market is small, independent publishers of informational websites.

"There are websites about everything," Cole said, from beekeeping to obscure corners of history. And Ezoic executives see such independent websites as an untapped market.

The online advertising market is big: **Google Inc.** (Nasdaq: GOOG) recently said its quarterly ad network revenue

EZOIC

CEO: Dwayne Lafleur

Revenue: Undisclosed

No. of local employees: 10

Investors: Company executives, Balderton Capital and New Amsterdam Capital

Headquarters: Carlsbad

Year founded: 2010

What makes the company innovative: Offers informational website publishers an automatic way to improve website layout and advertising revenue

O'Bryan. Cole and Lafleur worked at tech companies specializing in Internet advertising, both of which were acquired by Kansas City, Mo.-based **Adknowledge Inc.** O'Bryan, another veteran of Adknowledge, helped refine software from the company Lafleur founded.

Ezoic has 10 employees in Carlsbad and 13 overall. **Skype** calls with employees in Newcastle, England, are as much a part of office life as grudge matches at the pingpong table.

In addition to Balderton Capital, **New Amsterdam Capital** participated in the series A round. Both venture capital firms are based in London. Cole said Ezoic plans to use its \$5.6 million in series A funds to recruit Web developers and for general corporate purposes as the company heads into a very big market.

"We need a war chest," he said.

Ezoic's software also optimizes website layouts to fit all manner of devices, from the biggest of desktops to the smallest of mobile phone screens. Tablets introduce different functionality.

The business is also thinking about the next way people will tap into the Internet.

People are starting to use smart watches, Cole said. And developers at Ezoic were recently able to get Google's experimental product, Google Glass, he said. That's a glasses-worn computer display where the screen is millimeters from a person's eye. Someday, Cole said, Ezoic's software might have to figure out how to optimize websites for that format.

from partner sites was \$3.15 billion. Yearly ad revenue for independent publishers could well exceed \$1 billion.

And that market is growing. **Mark Evans** of **Balderton Capital**, which led Ezoic's series A round, cited figures from the Interactive Advertising Bureau saying worldwide spending on Internet advertising is increasing 18 percent yearly.

For now at least, Ezoic is not targeting large businesses. Nor does it work with e-commerce sites. Cole said the largest of websites are able to hire staff to optimize their sites' layouts.

Internet Ad Veterans at Helm

The Internet advertising space is nothing new to Cole, or to Ezoic CEO **Dwayne Lafleur** and Chief Technical Officer **Dan**



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